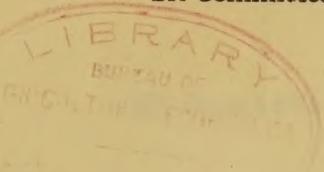


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SR Committeeman Letter No. 301



OCT 28 1938
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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

October 18, 1938

Dear Committeeman:

Secretary Wallace's recent letter to you urged that you study all available facts regarding the agricultural situation and suggested that in the near future you meet with other farmers to talk over this situation and decide what should be done.

All of you, I know, are anxious to carry out the suggestion made by the Secretary. To help toward that end, I am sending under separate cover an abstract of an address by the Secretary at Fort Worth, Texas, and of a speech I made recently in Little Rock, Arkansas. I believe that these speeches contain valuable information which throws light on the reasons for the present cotton surplus and cotton price. They also contain data bearing on proposals for substitutes for the present program. In addition, I am asking your State Agricultural Adjustment Administration office to send you at once a series of questions and answers regarding Southern farm conditions. These questions and answers have particular reference to the cotton situation and they also analyze proposals which have been mentioned as a substitute for the A. A. A. program.

Without a knowledge of the fundamental factors affecting agriculture, Southern farmers cannot choose a sensible course nor distinguish between sound proposals and those made for the benefit of groups more interested in their own profits than in the welfare of the farmer.

In the course of your studies, some questions will arise which you may find difficult to answer. You probably have already found that there are a number of questions of general nature about the program which you would like to have more fully explained. We suggest that you send in these questions. We may not be able to answer them all individually, but we will summarize them and the answers will be sent to you and all other committeemen.

We urge you to send in your questions as soon as possible so that the summary will contain all the information which you and other committeemen ought to have in order to be prepared to hold meetings with the farmers of your community.

We hope the data given you and the meetings will help you prepare for the decisions you are to make before planting time next year.

Sincerely yours,

J.W. Ruggan

Director, Southern Division.



SR Committeeman Letter No. 301A

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D.C.

October 27, 1938

To All Committeemen in Rice Counties
in Texas, Arkansas, and Louisiana.

Dear Committeeman:

You have lately received letters from the Secretary of Agriculture and myself regarding the 1939 Agricultural Conservation Program, and I want to take this means of calling to your special attention the agricultural conservation program as it relates to rice.

An effort has been made to demonstrate to rice growers that it is to their interest to adjust their seedings of rice so that the production of rice plus the carry-over would not greatly exceed the domestic demand for rice plus the amount of rice exported. In this connection, payments have been offered to growers through the agricultural conservation programs to compensate them for cooperation in such programs. Nevertheless, in the past three years many rice producers have not taken advantage of the opportunity of participating in the programs and as a result the rice acreage has been far above normal and the supplies of rice have become burdensome. These excess supplies are largely responsible for the present low price of rice.

This situation is brought out clearly in the table below. In the left hand column of the table is shown the acreage of rice which was available for distribution to rice growers under the conservation programs for each of the last three years, and the middle column shows the acreage of rice that was planted. The last column gives the average price for the three years. You will note that the number of acres planted to rice apparently has a decided effect on the average price of rice.

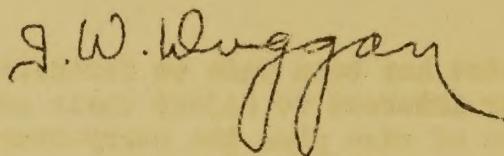
	National Goal (Acres)	Planted Acreage (Acres)	Average Price (Per Barrel)	Average Price (Per Bushel)
1936	833,000	969,000	\$3.01	\$0.84
1937	833,000	1,093,000	2.40	0.67
1938	850,000	1,080,000	2.01-(Sept. average)-	0.56

The 1939 Agricultural Conservation Program will be announced within the next few days and it is anticipated that rice acreage

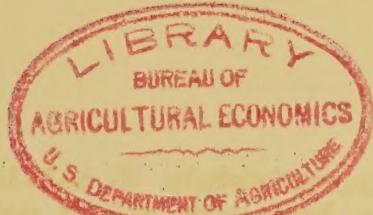
allotments will be determined well in advance of planting time. We hope that the rice farmers will consider it to their interest to cooperate more generally in the conservation program next year than they have in any of the last three years. Marketing quotas for rice will be voted on by the eligible rice producers, and if the vote is favorable, rice quotas will be in effect for 1939. Marketing quotas will tend to bring the production of rice more in line with the existing demand.

More information on the rice situation and marketing quotas will be furnished you at a later date, but we hope that in your contacts with rice farmers you will take the opportunity to discuss with them the rice situation.

Very truly yours,



I. W. Duggan,
Director, Southern Division.



SR Committeeman Letter No. 301-B

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D. C.

October 29, 1938

TO MEMBERS OF THE AGRICULTURAL CONSERVATION COMMITTEES --
FLUE-CURED TOBACCO COUNTIES

Dear Committeeman:

Recently Secretary Wallace addressed a letter to all committeemen urging that they study all available facts regarding the agricultural situation and requesting that they meet and discuss the situation with farmers in their community.

I know that you are particularly interested in the tobacco situation and that you desire all available facts concerning it. There has been prepared for general distribution a small pocket-size pamphlet entitled, "AAA Plan for Bright Tobacco". This pamphlet is being printed and copies will be forwarded to you and to the county offices as soon as possible. A more detailed statement setting forth all pertinent facts in regard to the tobacco situation is being prepared for your use and mimeographed copies of this statement will be sent you from your State office in the near future.

In discussing the tobacco situation with other farmers there are several points which should be emphasized, and of these I think the most important and the one which is least realized by farmers is that they can market about as much tobacco - and at a higher price level - over a period of years with the Agricultural Adjustment Administration program in effect as they could without the program. With the AAA program in effect marketings each year can be kept in line with probable demand thus maintaining a favorable income from tobacco. Without a program, years of large crops would be followed by years of small crops. This was generally true before the AAA programs not only for tobacco but for most other crops as well.

As you know, flue-cured tobacco producers are in a position to produce a much larger quantity of tobacco than they have produced during the past few years. It is estimated that producers in this country, with average weather conditions, can easily produce more than one billion pounds of bright tobacco. With the present level of world consumption of flue-cured tobacco slightly in excess of 700 million pounds annually, you can estimate just what maximum production would do to market prices. Stocks of flue-cured tobacco on July 1, 1938, were about 950 million

pounds, or approximately 70 million pounds larger than on July 1, 1937, and stocks on hand next July 1 are expected to show a further increase. Continued production above consumption will mean prices lower than those of the past five years and will destroy the gains in farm income that have been made by flue-cured tobacco farmers.

In connection with the gains in income which flue-cured tobacco farmers have made, you will be interested to know that they have received one-fourth more money for the five crops of flue-cured tobacco produced under AAA programs than they have from any other five successive crops in the history of tobacco production in this country. For the five years 1934-1938 farmers have received an average annual income from flue-cured tobacco of \$168,000,000. I believe that you and your neighbors can readily see the results of this increased income in better homes, farms, schools, and churches, and in many other ways including reduced debts. Although the consumption of flue-cured tobacco has been upward in recent years, all available data indicate that farm income from bright tobacco would have been much lower during the last five years if the AAA programs had not been in effect or in prospect. For example, preliminary estimates indicate that the average price for the 1938 crop will be approximately 23 cents per pound. This average price would doubtless have been much lower if the marketing quota provisions of the Act had not been in effect this year.

The AAA program for flue-cured tobacco offers farmers an opportunity to cooperate in maintaining production in line with probable demand, thus assuring themselves of favorable market prices. Without a stabilizing farm program a fluctuating price to the producer from year to year is about the only effective force for controlling the production and supply of tobacco. Farmers will have an opportunity December 10 to express themselves as to whether they desire to use marketing quotas for the crop year 1939.

I believe that you should place before your neighbors the facts as set forth in the pamphlet referred to above, and discuss these facts with them in connection with the results of the programs, pointing out to them that they have the choice of (1) controlling the production of flue-cured tobacco with prospects of continued favorable prices or (2) returning to a somewhat unlimited production which would probably mean prices very much lower than the prices that have been secured under the Agricultural Adjustment Administration programs. Producers should carefully consider all facts in deciding which course they should take. In the final analysis tobacco producers must decide for themselves if they need and want a program for tobacco and if they are willing to do the things that are necessary to have a successful program.

Very truly yours,

I. W. Duggan
I. W. Duggan,
Director, Southern Division.



SR Committeeman Letter No. 301-C

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D. C.

October 31, 1938.

Dear Committeeman:

Despite the fact that there has been considerable moisture in recent weeks in many sections of the Southern Great Plains where blowing of the soil has been most acute, wind erosion will still remain a problem in that area. Much improvement has been made throughout the area during the past three years, due to the extensive program carried on by the farmers of the area, cooperating with the Agricultural Adjustment Administration, by the use of various contour practices to hold the moisture on the soil, and cover crop practices to assist in holding the soil in place. Realizing that the control of wind erosion will take many years of continuous effort, we believe the farmers of the Plains should be fully informed as soon as possible of the assistance they may depend on from the Agricultural Adjustment Administration, the Farm Security Administration, the Soil Conservation Service, and the Bureau of Agricultural Economics, and how they may organize themselves to accept this assistance. The existing facilities for wind erosion control have been outlined on the attached statement released by the Secretary of Agriculture.

We wish to call your attention particularly to that portion of the enclosed outline relative to the work that may be done in cooperation with the Agricultural Adjustment Administration. You will note under subsection B that in areas designated by the Agricultural Adjustment Administration as subject to serious wind erosion (1) a soil conservation district, (2) association legally constituted for purposes of conservation, or (3) any governmental unit empowered under State law to acquire interest in land, as owner or lessee, for purposes of conservation is eligible to participate in the 1939 Agricultural Conservation Program with respect to the land which it owns or leases, in accordance with the provisions of paragraphs a, b, c, d, and e. This means that in Texas the Wind Erosion Conservation Districts may continue as they have in the past to lease land and make application for payment under the Agricultural Conservation Program for soil-building practices carried out on such land. This also means that in Oklahoma where the law passed by the last Legislature allows the county commissioners to lease land for the purpose of controlling wind erosion that they also may make application for payment for the carrying out of soil-building practices.

We believe this is a provision that should be encouraged in that area, and that in each county the county committee, cooperating with the County Agent, should confer with the Boards of the county commissioners and discuss the possibility of the application of this provision for the control of land that might otherwise become a wind erosion hazard, particularly land under non-resident ownership during the year 1939.

Very truly yours,

I. W. Duggan
I. W. Duggan,
Director, Southern Division.

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
Washington

September 26, 1938.

TO ALL EMPLOYEES and Cooperators
of the Department of Agriculture
in the Southern Great Plains

When wind erosion became an acute problem again this year in a number of counties of the Southern Great Plains, the Office of the Secretary prepared a summary statement which outlined the assistance available to farmers through the funds and programs administered by the regular bureaus of the Department of Agriculture. Since last spring many farmers have taken advantage of the assistance which the Department has been able to provide and their efforts, combined with more favorable moisture conditions, have brought about considerably improved conditions even in some of the most seriously affected counties. It is hoped that these gains can be maintained.

In spite of the better conditions which prevail at the present time, however, a potentially dangerous situation still exists in a number of counties in Colorado, Kansas, Oklahoma, Texas, and New Mexico. It is important that steps be taken during the next few months to diminish these hazards which may threaten in the spring of 1939.

In order that individual farmers and communities may know in advance just what types of assistance they may continue to expect from the Department I am attaching a revision of the summary statement which was prepared last May. It is believed that improvements in the program have been made, particularly in regard to the facilities available to enable responsible local groups to control abandoned lands. The aim of the Department is to give substantial assistance in the development and execution of a long-time program for the permanent control of wind erosion.

But the Department cannot do that job alone. The affected States and local communities must share the responsibility. In this connection I want to emphasize the statements made in the attached document regarding the importance of early formation of soil conservation districts throughout the wind erosion area. Because of the superior effectiveness of the district as a cooperative instrument for achieving soil conservation, I am sure that the Department will increasingly in the future wish to give special, and possibly preferential, cooperation and assistance to such legally organized groups of farmers. Pending the establishment of such districts, I have, as indicated in the attached statement, authorized assistance to other types of organized soil conservation efforts in the Southern Great Plains during the present fiscal year.

H. A. Wallace

H. A. Wallace
Secretary of Agriculture

Aid Available to Farmers in

Controlling Wind Erosion

In order that the existing facilities for wind erosion control may be thoroughly understood by everyone concerned, they are outlined as follows:

I. Soil Conservation Districts

One of the most important factors in the final solution of the wind erosion problem is the acceptance of responsibility on the part of individual communities and farmers themselves. The States of Colorado, Kansas, Oklahoma, and New Mexico have passed conservation districts laws which make it possible for local people to work out the kind of conservation program which best suits the long-time needs of their particular community. The Department of Agriculture believes that this approach to the problem of conservation is the most effective which has been devised; and wherever soil conservation districts exist or where they may be organized, the Department is prepared to give them the maximum assistance possible through the various agencies under its jurisdiction. The programs of these agencies are being shaped to meet the districts program as rapidly as possible. For example, the principal effort of the Soil Conservation Service henceforth will be in the direction of providing assistance of several kinds to soil conservation districts.

It seems imperative that soil conservation districts should be organized in all parts of the wind erosion area. The district is a wholly democratic mechanism, administered by locally elected officials. Every agricultural worker should be familiar with the basic purposes of the Standard Soil Conservation Districts Act so as to be able to supply the appropriate information to farmers. Miscellaneous Publication Number 293, "Soil Conservation Districts for Erosion Control," which explains the basic purposes of the districts, can be obtained from the regional offices of the Soil Conservation Service at Fort Worth and Amarillo, Texas.

II. Agricultural Adjustment Administration

A. As in 1938 the Agricultural Adjustment Administration will require, as a condition of compliance with its 1939 program, that every cooperator handle his land by using practices which are effective in preventing wind erosion. A deduction will be made from the payment computed for a farm of \$1.00 per acre for each acre of land upon which approved measures for the prevention of wind erosion, if needed, are not carried out in 1939 on dates specified by county Agricultural Conservation Committees. There is also a definite requirement that if

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a farmer does not carry out proper wind erosion control practices and his land becomes a wind erosion hazard to surrounding farms in the community, he will not be eligible for any payment under the 1939 Agricultural Conservation Program.

B. In order that responsible local groups may take steps toward bringing hazardous abandoned lands under control the following provisions will be incorporated into the National Bulletin of the Agricultural Adjustment Administration for the 1939 program:

In areas designated by the Agricultural Adjustment Administration as subject to serious wind erosion a soil conservation district, association legally constituted for purposes of conservation, or any governmental unit empowered under State law to acquire interest in land, as owner or lessee, for purposes of conservation is eligible to participate in the 1939 Agricultural Conservation Program with respect to the land which it owns or leases, under the following conditions:

- (a) The regular soil-depleting allotment will be established for any farm for which an application is made, but a zero acreage allotment will be established for wheat or any other special crop.
- (b) The regular rates for general soil-depleting crops, for non-depleting cropland, for restoration land, and for noncrop pasture land will be used in calculating the conservation allowance or maximum payment.
- (c) The soil-building goals for such farms will be computed in the same manner as for other farms, except that such goals shall be not less than one unit of soil-building practices for each \$2.00 included in the maximum payment for such farms. In addition, it will be understood (1) that the leaving of stubble or natural vegetative cover on the land will not be counted as a practice toward meeting the soil-building goals for such farms, and (2) that the county committee may require additional practices for such farms in cases where it is apparent that the average cost of carrying out the practices approved for and instituted on such farms will be less than \$2.00 per unit. This means that in every case at least 75 percent of the total payment for the farm (including the restoration land payment) will be required to be earned by carrying out soil-building

practices listed in the applicable regional bulletin. In the case of soil conservation districts and, insofar as possible, in the case of conservation associations, the practices to be carried out on such lands will be determined jointly by the county committee of the Agricultural Adjustment Administration and a representative of the Soil Conservation Service.

(d) Within conservation districts, full credit will be given for practices carried out under the 1939 program even though equipment loaned to the district by the Soil Conservation Service is used in carrying out such practices.

(e) The Agricultural Adjustment Administration will accept worksheets or statements of intention from districts, associations, etc. until August 1, 1939 for participation in the 1939 program.

III. Farm Security Administration

A. It is recognized that many farmers must have funds to finance wind erosion control operations on their land prior to the time that payments are made by the Agricultural Adjustment Administration. Accordingly, the Farm Security Administration is authorized to make loans to individual farmers upon certification by the County Agricultural Conservation Committee that the cooperator cannot obtain the necessary funds elsewhere. These loans will be made in an amount up to 60 percent of the total anticipated payment which the farmer expects to receive, provided the farmer will give an assignment of the payment to the Farm Security Administration as security for the loan. Such loans are intended to carry out wind erosion control practices such as tillage and the planting of a cover crop, etc. Operations are to be carried out on the entire farm, if necessary, or whatever part of it is in need of protection. The Agricultural Conservation Bulletin provides that certain cover crops are not classified as soil depleting, depending upon the use to which the crop is put after it has been produced.

B. Similarly, a soil conservation district or association organized for purposes of conservation, may find it necessary to obtain funds to finance its operations prior to the time that ~~AAA~~ payments are made. To meet this situation the Farm Security Administration is authorized, under proper conditions, to make loans to soil conservation districts appropriately organized under and authorized by existing state soil conservation districts laws; and, pending the establishment of such districts, to properly constituted conservation associations.

The Farm Security Administration will lend up to 90% of the net payment which the district or association is to receive from the Agricultural Adjustment Administration, taking as security an assignment of the expected payment. In view of the fact that the soil conservation district is the most effective mechanism for accomplishing permanent conservation it is given priority in obtaining such loans. Loans will not be made to other governmental units.

In making loans to conservation associations, consideration will be given to the objectives of such associations in relation to the soil conservation districts program within the state.

Information regarding these special Agricultural Conservation Program loans may be obtained from the county agent or the Farm Security Administration supervisor in the county where the land is located.

C. In addition to the special loans made in connection with the Agricultural Adjustment Administration program, the Farm Security Administration is following several other lines of action in the Southern Plains which are intended not only to relieve emergency conditions but to assist in bringing about some of the more fundamental changes which are considered necessary to the agricultural economy of the region.

1. The credit facilities of the Farm Security Administration are available to eligible farmers who cannot obtain adequate credit from other sources. The so-called standard loans made by the Farm Security Administration are conditioned upon the development of a sound farm management plan which will put the farmer on a self-sustaining basis over a period of several years. Such loans are made for the purchase of equipment, seed, livestock, and other similar necessities. In the Southern Great Plains region, loans of this type are made only where the operating unit is of such character and size as to give reasonable assurance that the farm management plan will work out as anticipated.

2. In addition to those standard loans, the Farm Security Administration has been making a special type of loan which will enable a farmer to shift from cash grain farming to mixed farming with the principal emphasis upon livestock. Loans of this type include funds to pay for the leasing of additional land in order to obtain a proper-size operating unit. Because of the fact that the emphasis is being shifted from one type of farming to a very different one, the period of repayment extends up to ten years. A particular effort is being made to assist farmers to lease lands owned by persons who live outside the area in order that the land

resources may be made available to residents of the county. The operating unit is being enlarged from less than a section up to two to four thousand acres. The large part of the increased acreage is to be used for grazing purposes as rapidly as the land can be restored to native grass. Benefit payments paid to the operator by the Agricultural Adjustment Administration will assist materially in bringing about this restoration to permanent cover.

Any farmer who wishes to determine whether he is eligible for a loan of either type should make application to the Farm Security supervisor. County agents will be glad to tell farmers where they can get in touch with Farm Security Administration supervisors.

3. The Farm Security Administration is also prepared to make grants for purposes of human subsistence to farm families who are in distress. Application should be made to the local Farm Security supervisor for this type of assistance.

IV. Soil Conservation Service

In common with the Agricultural Adjustment Administration and the Farm Security Administration, which, in accordance with the policy of the Department, will give regularly established soil conservation districts preference in the matter of assistance (See Paragraph III, B.), the Soil Conservation Service will be cooperating primarily with such districts. Furthermore, in view of the limited resources which the Soil Conservation Service has at its disposal it will, of necessity, be compelled to confine most of its efforts to the districts. The assistance which the Service is in a position to offer to soil conservation districts which have worked out a sound program and work plan is of the following types:

1. Technical assistance, including conservation surveys, engineering services, and farm planning for erosion control, having for its objective the conservation of the resources of the farms and ranches within the district.

2. CCC camps where such camps are available (to be used on work of a general public interest).

3. Certain seed and planting stock.

4. Equipment: At present, only a limited number of units can be made available but, as other units are released from prior commitments, they will be made available for this type of work. It is anticipated that within the next two year period at least 80 additional units of equipment will become available.

In order to permit the effective utilization of the aforementioned Soil Conservation Service assistance, it is necessary that the lands upon which it is employed be brought under effective control. In the case of lands under private ownership, the district supervisors will enter into 5-year cooperative agreements containing a plan of conservation operations for the farm. In the case of district-owned lands, the district supervisors will, by formal resolution, adopt such a plan of conservation operations. There may be areas where the district will deem it desirable to lease lands from absentee and other land-owners. Except in certain emergency situations where blowing is a hazard to other farms within the community, such leases will be for a period of at least 5 years and will likewise involve the acceptance of a plan of conservation operations for the lands in question. It should be emphasized that no "emergency leases" will continue in effect beyond the time necessary to stabilize the land and prevent it from blowing; every effort will be made to have a plan of conservation operations adopted by the lessor as part of the lease, but where this cannot be done a cooperative agreement embodying the plan of conservation operations will be presented to the lessor for execution at the expiration of this lease.

V. Bureau of Agricultural Economics

As a part of the Department's long-time program to bring about the necessary economic adjustments and the conservation of the land resources of the Southern Plains, the Bureau of Agricultural Economics, under the Bankhead-Jones Act, is now purchasing submarginal lands which have become severely damaged. This program is going forward and will assist materially in bringing about the necessary stabilization of the soil. When these lands have been stabilized and restored to grass, they will be made available for grazing mainly to resident farm operators whose farm plants are now too small to permit a proper system of farming.

VI. Coordinator for the Southern Great Plains

Wind erosion can be controlled. Specialists of the Department and the Land Grant Colleges, Experiment Stations, and Extension Services are familiar with the agronomic and engineering practices that must be followed in each particular locality. So are many farmers, and more are learning the principles of control every day.

Every farmer must do his part. Federal, State, and local forces must pull together. If they do, one of the worst physical soil problems in this country, with serious human consequences, can be solved. It is being solved now in a good share of the whole area.

To keep all Federal, State and local agencies mutually informed and working together, the Department of Agriculture maintains at Amarillo, Texas, a special representative of the Secretary's office. Department officials especially are encouraged to get in touch with his office on inter-agency phases of the Southern Great Plains program. His address is: Roy I. Kimmel, Coordinator for the Southern Great Plains, U. S. Department of Agriculture, Amarillo, Texas.

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

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November 5, 1938.

Dear Committeeman:

The comparatively low price for cotton and some other crops has resulted in proposals for programs to replace the present A. A. A. program. This program is not sacred, and, if a substitute will be an improvement, there is no reason why we should not change quickly and gladly. All alternate farm plans, however, should be given a very careful study, just as this program should be given a careful study. It may be that the program we have is sound and that any major change would make the situation worse.

Almost all the substitute proposals that I have seen, the principal ones anyhow, have one thing in common. They would do away with any attempt to control or adjust production of cotton and other crops. For example, the so-called domestic allotment plan proposes that attempts to adjust the production of cotton be scrapped; that a subsidy be paid on that portion of the crop consumed in this country; and that the cotton not needed for domestic use be sold abroad at whatever price it will bring.

Another proposal is to fix the price on the domestically consumed part of the crop and to sell the rest abroad at a cheaper price. This price-fixing plan also has been called a domestic allotment plan and it, too, would do away with any effort to keep production in line with demand.

Then there is the proposal for an outright subsidy on cotton, and farmers in some areas have heard about the so-called 70-30 plan under which 30 percent of a farm's cropland would be planted to conserving crops.

All the plans I have mentioned have one thing in common where cotton is concerned. They would make the price of cotton cheaper. Farmers ought to know that. The dissatisfaction with the present program, or much of it, grows out of the fact that the price of cotton just now is too cheap. As I see it, any program which makes the price of cotton cheaper would make our present situation worse.

Farmers should remember that some of these plans for unlimited production of cotton come from people who make more money out of a big crop than they do out of a small crop. The bigger the crop the more bales they gin, ship or sell abroad, and they make so much per bale whether the price is cheap or good. The farmer, on the other hand, gets no benefit out of a big crop if the price is too low to pay for the cost of raising it.

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Some of the people advocating the so-called domestic allotment plan or some variation argue that their programs would not make the price of cotton cheaper. Well, let's see how their programs would work. First of all, they would do away with any acreage-control program. That would mean more acres in cotton, and more acres mean more cotton.

Then, too, we could not have the present cotton loan if we abandoned control of production. The theory behind the loan is that it puts a floor under prices pending the time we can adjust our supply of cotton and take some of the pressure off prices. If we aren't going to do any adjusting but intend to keep right on piling up more cotton, the floor is bound to collapse. Secretary Wallace has estimated that the price of cotton now would be 3 or 4 cents lower than it is, if it were not for the loan and the rest of the A. A. A. program.

It may be that price fixing on cotton and other products will work—if we have a really effective production-control program. The automobile manufacturers, for instance, do a pretty good job of controlling prices. When they put out a new model, they know at what price they intend to sell it, and they keep that price pretty well throughout the year. But they have production control. They produce as many cars as they think they can sell and no more. And if they aren't selling cars quite as fast as they figured they would, what do they do? They cut down on their production. They shut their factories and stop making cars.

The domestic allotment plan promises parity on the domestic allotment, or that portion of the crop domestically consumed. With the exception of 1936 and 1937, cooperating cotton growers since 1932 have received, taking into account Government payments, more than parity on the domestically consumed portion of their crop. And, as you will remember, we had a conservation program and not a control program in effect in 1936 and 1937. With the cotton payments added, farmers this year are receiving 16.2 cents on their domestic allotment, or 1.9 cents more per pound than is promised them under the so-called domestic allotment plan. Yet, the situation of cotton farmers is by no means good.

I do not see how making the price of cotton still cheaper is any remedy for the problems of the cotton farmer. It would seem the part of wisdom to adjust our huge supply to normal so that the price of cotton will increase and at the same time to seek additional payments to make up for the low price of cotton meanwhile. I believe a processing tax will give us some of the extra income we so badly need.

Between now and December 10 when farmers vote on marketing quotas for 1939, I hope that you will find time to carefully study the fundamentals of your own program and the fundamentals of the proposed substitutes. If you do that, I know your decision will be a sound one.

Sincerely yours,

I. W. Duggan

I. W. DUGGAN,
Director, Southern Division.

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5085UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

November 15, 1938.

Dear Committeeman:

It seems that farmers have been confused to some extent as to the time and manner of making conservation payments under the A. A. A. farm program and also as to the parity or cotton price adjustment payments.

The payments under the agricultural conservation program are normally made about a year apart. It is an all-year program and in the Southern Region is carried out on the basis of a calendar year. Farmers have 12 months in which to carry out diversion and soil-building and soil-conserving practices. In many parts of the South the planting of winter legumes and the terracing of lands are carried out during the fall and winter months. Under the Soil Conservation and Domestic Allotment Act producers do not sign a contract, but submit applications for payment showing the facts which entitle them to payment. Therefore, applications for payment are made at the end of the calendar year after the farmer has had an opportunity to complete performance under the program and is in a position to obtain the greatest benefits from the act.

It has been suggested on several occasions that two payments should be made in connection with the agricultural conservation program. However, farmers as a whole, I believe, prefer one payment, because they receive more money than if two payments are made. The two-payment plan would greatly increase the cost in checking compliance, taking and auditing applications for payments, and in writing checks. As you know, the cost of administering the program is deducted from the funds appropriated before payments can be made. Therefore, the larger the total expenses, including State and county expenses, the smaller the payments to producers.

We should be able to begin taking applications for payment under the 1938 Agricultural Conservation Program during December and January, and the payments will begin going out in February and should be completed during March and April of 1939. This means that payments for participating in the 1938 program will be made to a large majority of the producers in less than 12 months after they received payments for their participation in the 1937 program.

While our conservation program and payments are on a calendar-year basis, the parity or price adjustment payments are tied in with the programs for 2 years. The 1937 Cotton Price Adjustment Payment Plan originally provided for payments on the 1937 crop after compliance with the provisions of the 1938 program.

Under the Price Adjustment Act of 1938, approved June 21, 1938, the rate of payment is based, so far as funds permit, upon the price received during the marketing season of the 1938 crop through January 31, 1939, and will be

made on the normal yield of the farm acreage allotment established for the commodity under the 1939 Agricultural Conservation Program, provided the acreage planted to the commodity on the farm for harvest in 1939 does not exceed the farm acreage allotment for that year.

Before we discuss in detail the time schedules for future payments, I want to comment upon certain conditions which have led to a considerable amount of confusion and misunderstanding about the 1937 cotton price adjustment payments. The legislation providing for these payments, as approved on August 25, 1937, was such that payments to cooperating producers could be made only after the cotton acreage was measured in 1938, and further, that no payments would be made until all applications were received and audited. You can readily see that the payment would have been delayed until some time in 1939 or even in 1940, if no amendments to the original legislation had been made. A series of amendments to the legislation, the last of which was approved on June 16, 1938, were passed and, within a period of less than 3 weeks after that date, new forms were prepared, approved, printed, and in the process of distribution to the field. By September 1 the payments were getting under way in volume and as of October 19 the State offices had received 834,000 applications, or 61 percent of those expected, and had certified payments amounting to nearly \$65,000,000. The 1937 cotton price adjustment payments have gone forward more rapidly, after the final legislation was provided, than any other payments in the Southern Region.

Because the payments under the Price Adjustment Act of 1938 depend upon parity prices and farm prices for that part of the marketing year ending January 31, 1939, and compliance with the 1939 farm acreage allotment, applications for parity payments in the case of wheat cannot be approved for payment until two conditions are satisfied; namely: (1) Compliance with the wheat acreage allotment for 1939; and (2) establishment of the rate of payment, which cannot be determined prior to January 31, 1939. For the same reasons, applications for cotton parity payments cannot be approved for payment until after the planting of the crop has been completed in 1939 and compliance with the acreage allotment is determined. These cotton parity payments should be made in September, October, and November of 1939, or 1 year after the 1937 cotton price adjustment payments. The agricultural conservation payments for participating in the 1939 program should be made in February, March, and April of 1940, or a year after the 1938 payments.

You know from your work as committeeman that considerable time and effort is required to check compliance and execute applications. You also know what is involved in the companion job of auditing the applications and issuing the checks in order that they may be delivered to farmers. I think it is well for all of us to understand in advance the legislative restrictions on these payments and the necessary administrative details required to make them. A discussion of these matters by you with other farmers will lighten and help your work and give a better general understanding of the program.

Sincerely yours,

J.W. Ruggan

Director, Southern Division.

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
SOUTHERN DIVISION

November 21, 1938.

Dear Committeeman:

All farmers who grew cotton this year, with the exception of the comparatively few who grew only cotton having a staple 1½ inches or more in length, will have an opportunity on Saturday, December 10, to vote in the referendum on cotton marketing quotas. As you know, the authority for marketing quotas is contained in the Agricultural Adjustment Act of 1938. The purpose of the quotas, as you also know, is to enable the farmers to have a program which will keep down or reduce burdensome supplies of cotton.

The farmers voted for marketing quotas for 1938 and the question to be decided on December 10 is whether they want quotas another year. The price of cotton for the 1938 crop is comparatively low. This low price is due, in the main, to the huge carry-over from the 1937 crop year and restricted consumption. Quotas in 1938 could not affect the carry-over but they did aid in keeping down the cotton to be marketed from the 1938 crop to about 12 million bales.

If marketing quotas are approved on December 10, loans on cotton are authorized for 1939 and probably at a rate not far from the 1938 rate. On the other hand, the Agricultural Adjustment Act of 1938 specifically provides that loans will not be made on the 1939 crop if quotas are rejected in the cotton referendum.

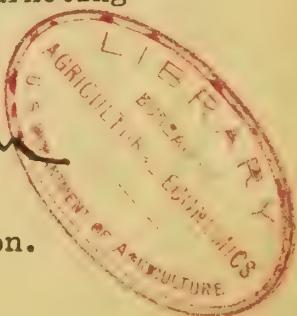
If the quotas are rejected, the increased acreage in 1939 probably will result in increased production of cotton. This and the fact that loans would not be available next year would tend to make the price of cotton in 1939 lower than it is in 1938. Undoubtedly, the loans have kept the price of cotton from declining below present levels in 1938.

Regardless of the outcome of the marketing quota referendum, cotton acreage allotments will be made to all cotton farms next year. This is provided for under the conservation program and will not be affected by the quota referendum. With or without quotas, most cotton producers will comply with their acreage allotments in order to earn conservation and parity payments. If quotas are approved for 1939, any grower who does not overplant his acreage allotment will be able to sell all the cotton he produces in 1939 without any penalty whatever.

I believe that these and other facts on the cotton situation should be made available to you so that your decision on the question of marketing quotas for 1939 will be a sound one.

Sincerely,

I. W. Duggan

I. W. DUGGAN,
Director, Southern Division.

SR Committeeman Letter No. 305A

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D.C.

November 25, 1938

To Committeemen in Rice Counties
in Texas, Arkansas, and Louisiana.

Dear Committeeman:

In my previous letter of October 27, I outlined for you in a general way the rice situation and the 1939 Agricultural Conservation Program. The purpose of this letter is to call your particular attention to the referendum on rice marketing quotas to be held December 10, 1938.

This will be the first time producers have had the privilege of expressing themselves on the question of rice marketing quotas and I am very anxious for them to have access to all available information relative to the rice situation before they cast their votes.

There is enclosed Form 39-Rice-1, "Questions and Answers on Rice Marketing Quotas". On the reverse side of this form the rice situation and marketing quotas are outlined. Also enclosed is a special mimeographed "Questions and Answers" leaflet on marketing quotas. I believe these two enclosures will furnish information that will be valuable to you in helping rice producers to properly answer the question, "Do you favor rice marketing quotas for the year 1939".

Very truly yours,

I. W. Duggan
I. W. Duggan,
Director, Southern Division.

Enclosures (2)

QUESTIONS AND ANSWERS ON THE RICE MARKETING QUOTA
REFERENDUM TO BE HELD DECEMBER 10, 1938

1. Q. Is a minor eligible to vote provided he will produce rice in 1939?
A. Yes. There is no age limit with respect to eligibility to vote in the referendum. If a minor has made definite arrangements to engage in the production of rice in 1939, he is eligible to vote in the referendum unless he will be merely working for his father or some other person and will not be a party to the lease or cropping agreement.
2. Q. Will a person working on the farm and being reimbursed in part with money and in part with the proceeds from a fixed acreage of rice be eligible to vote?
A. Yes. He is to be considered a sharecropper with respect to the acreage from which he obtains the rice or its proceeds.
3. Q. In the event a person who produced rice in 1938 dies, will his widow or any member of his family be eligible to vote by virtue of such relationship to the deceased?
A. No. However, the widow or any other member of his family who has made definite arrangements to produce rice in 1939 is eligible to vote.
4. Q. Is the executor or administrator of an estate eligible to vote by virtue of the fact that the estate owns a farm on which it has an interest in the rice produced on such farm?
A. If a crop of rice is to be produced on the land owned by the estate and the estate shares in the proceeds of such crop, the executor or administrator of the estate may vote in the referendum by virtue of his office. Only one vote may be cast for the estate regardless of the number of heirs or the number of farms owned by the estate.
5. Q. If a person is executor or administrator for more than one estate, may he vote more than once?
A. A person who is a legal representative of several estates may cast a vote for each estate which is eligible to have a vote cast in its behalf.

6. Q. If a man owns a rice farm in his own right and his wife also owns a rice farm in her own right, is each eligible to vote in the referendum?

A. Yes, if both of them will be engaged in producing rice in 1939.

7. Q. May a landlord owning two or more farms vote more than one time in the referendum?

A. No. A producer is eligible to vote only once.

8. Q. Is the owner of land that will be rented to another for cash, standing rent, or fixed rent in 1939 eligible to vote?

A. A cash tenant or standing-rent or fixed-rent tenant who will produce rice in 1939 is eligible to vote, but his landlord is not eligible to vote unless such landlord will be engaged in the production of rice in 1939.

9. Q. In case an eligible voter is sick or absent for any other reason on the day of the referendum, may one of the community referendum committeemen go to the voter's home and obtain his ballot, or may his wife or other representative vote for him?

A. No.

10. Q. Is performance under the 1938 Agricultural Conservation Program a requirement in order to be eligible to vote?

A. No.

11. Q. Can more than one voting place be designated in a particular community?

A. No.

12. Q. Can more than three persons be designated to be in charge of one voting place?

A. No. Only three community referendum committeemen will be designated to conduct the referendum in the community.

13. Q. Will it be necessary to provide voting booths in which ballots may be marked?

A. The use of voting booths is not required. However, the county committee and the community referendum committee should see that a place is provided in which each voter may mark his ballot without anyone seeing how he votes.

14. Q. At what time should the polls be opened and closed?

A. The polls should be open for a uniform time in each county if possible, and should be opened not later than 9 A.M., Saturday, December 10, 1938, and closed not earlier than 5 P.M. the same day, local standard time, unless the State committee fixes a later hour for closing.

15. Q. Should the community referendum committee provide markers or have persons available at the polls to assist the eligible voters who cannot read?

A. No. However, upon the request of the producer in such cases the community referendum committee should show him how to mark his ballot so as to cast a "Yes" vote and so as to cast a "No" vote and tell him the meaning of each. No other persons should be kept or allowed at the polls for such purpose. After being so instructed the voter should mark his own ballot without assistance.

16. Q. Where will a person vote in the event his residence is in a town or city and his farm is in a different community or township?

A. Any person eligible to vote may do so in any community he desires, provided he has not voted elsewhere. If the community referendum committee cannot determine that he has not voted in another community, it should "challenge" the ballot as indicated in the applicable instructions.

17. Q. May the same community referendum committee conduct both the rice and cotton referenda?

A. Yes, provided the county committee approves this procedure.

